

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2001-135-C - ORDER NO. 2001-688

AUGUST 2, 2001

IN RE: Application of NetworkIP, L.L.C. for a ) ORDER GRANTING  
Certificate of Public Convenience and ) CERTIFICATE FOR  
Necessity to Provide Resold and Facilities- ) LOCAL AND  
based Local Exchange and Interexchange ) INTEREXCHANGE  
Telecommunications Services in the State of ) AUTHORITY AND FOR  
South Carolina and for Alternative and ) ALTERNATIVE AND  
Flexible Regulation. ) FLEXIBLE REGULATION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of NetworkIP, L.L.C. ("NetworkIP" or the "Company") for authority to provide resold and facilities-based local exchange and intrastate interexchange telecommunications services within the State of South Carolina. The Company requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. In addition, the Company requests that the Commission regulate its business interexchange services offerings under the identical regulatory treatment granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. The Company's Application was filed pursuant to S.C. Code Ann. Section 58-9-280 (Supp. 2000) and the Rules and Regulations of the Commission.

By letter, the Commission's Executive Director instructed NetworkIP to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC") on June 8, 2001.

On June 25, 2001, counsel for SCTC filed with the Commission a Stipulation in which NetworkIP stipulated that it would seek authority only in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until NetworkIP provided written notice of its intent prior to the date of the intended service. The Company also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. NetworkIP agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to the Company provided the conditions contained in the Stipulation are met. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on July 10, 2001, at 2:30 p.m. in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. NetworkIP was

represented by Scott A. Elliott, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff. Toni Van Burkleo, Chief Financial Officer for NetworkIP, appeared and testified in support of the Application. Steve W. Gunter, Commission Audit Staff, and Eddie Coates, Rates Analyst in Telecommunications, testified on behalf of the Commission Staff.

According to the record, NetworkIP is a Texas limited liability company formed on September 30, 1999. NetworkIP has received authority from the South Carolina Secretary of State to transact business within the State of South Carolina. NetworkIP's corporate headquarters are located in Longview, Texas. Ms. Van Burkleo said NetworkIP is certified to offer interexchange services in the contiguous forty-eight states and Hawaii, with the exception of South Carolina. She testified that the Company is currently operating in Texas and California where it provides wholesale business to business services. She further said NetworkIP provides high speed cable modem Internet service in Oklahoma, Arkansas, Mississippi and Louisiana. NetworkIP is a service application provider primarily offering long distance and Internet service to wholesale distributors who sell services such as prepaid calling cards and Internet services to the end user. Ms. Van Burkleo testified that NetworkIP offers an exclusive type service in which their customers can access the Internet and control their services on a real time basis. In providing services in South Carolina, NetworkIP intends to initially provide resold services.

Ms. Van Burkleo explained that NetworkIP is basically a wholesaler which deals with business entities as customers on a business to business arrangement. Specifically,

the record reveals that NetworkIP intends to deploy a direct connection from its customers to one of its collocation sites located in the central office of an incumbent local exchange carrier. Within each collocation site, the record reveals that NetworkIP has deployed, or is in the process of deploying, Nortel digital access nodes to support switched voice services and digital subscriber lines access multiplexers to support their high-speed DSL service offerings. This collocation architecture supports integrated data and voice services and can be extended to support emerging applications as customer requirements dictate. The record reveals that NetworkIP will use Nortel Network's Access Node equipment and that NetworkIP is planning to use Nortel's Universal Edge 9000 product line which provides both voice and data access, and can be integrated with virtually any manufacturer's digital switch. NetworkIP offers that its switching platform consists of Nortel DMS500 hybrid local and long distance switches. Each Nortel DMS500 switch acts as a centralized switching node connected to multiple collocations and may service one or more metropolitan areas. In addition, each of these centralized switching nodes serves as an interconnection and concentration point between its Cable Modem/DSL and data network and the public Internet. The record reveals that NetworkIP's employs the SS-7 signaling system which enables the Company to offer advanced customer features like Enhanced 800 service and Caller ID With Name.

In addition, NetworkIP asked this Commission for approval of alternative regulation of its business services as was first approved by the Commission in Docket No. 95-661-C, and flexible regulation for local exchange services first approved in Docket with other resold services provided by incumbent local exchange carriers

(ILECs), competitive local exchange carriers (CLECs), or interexchange carriers (IXCs).

Ms. Van Burkleo testified that NetworkIP will utilize MCI WorldCom, Global Crossing, Sprint, AT&T and Point One Communications, an Austin, Texas-based company, as its underlying carriers.

Ms. Van Burkleo opined that NetworkIP possesses the financial, technical, and managerial resources to provide telecommunications services in the State of South Carolina. As to NetworkIP's managerial abilities to provide the service in South Carolina which it seeks to provide, Ms. Van Burkleo said that NetworkIP has assembled an experienced management team with extensive telecommunications and business experience. Ms. Van Burkleo testified that Peter R. Patullo is the President and Chief Executive Officer. The record reveals Mr. Patullo has nineteen years of experience in telecommunications customer service, product management, maintenance, operations and support. She said that Scott Reskey is Vice President, Operations. Mr. Reskey had prior experience with Sprint Long Distance in various technical and management positions. He is responsible for the day-to-day operation and management of the network. Ms. Von Burkleo testified that she is the Company's Chief Financial Officer. She said she holds an accounting degree from Baylor University and has approximately twenty-five years of experience as an accountant. She said she has eight years of telecommunications experience.

With regard to NetworkIP's financial ability to operate as a telecommunications carrier, Ms. Van Burkleo states that NetworkIP is 100% owned by Network Enhanced Telecom. She said that NetworkIP is a disregarded entity for tax purposes. She further

testified that the Company has been able to sustain profits from its beginnings in 1998. She said the Company has had sufficient cash flow to purchase over \$2 million in assets with the cash without attaining any debt in the process.

As to the Company's customer service, the record reveals that NetworkIP will offer comprehensive customer service on its toll-free telephone number 1 (866) 514-8324. Ms. Van Burkleo said that the toll-free number is available twenty-four hours a day, seven days a week from 7:00 a.m. until 11:00 p.m. Central Standard Time. She testified that a voice mail system responds to customer service calls at all other times. Ms. Von Burkleo further said that services will be billed monthly by NetworkIP at the rates specified in its tariff. Ms. Van Burkleo said the billing would be handled on an in-house basis. Bills will include the Company's name and address and a toll-free number for inquiries or complaints. Wholesale distributor customers who wish to utilize NetworkIP's services sign contracts with the Company. Ms. Van Burkleo offered that Steve Laurel is the person in charge of customer service/complaints for NetworkIP. She said he could be reached at the Company's toll-free customer service telephone number. Further, Ms. Burkleo testified that Skip Buchanan will be the regulatory contact person for NetworkIP. He can be reached at (903) 323-4500.

Ms. Van Burkleo asserts that NetworkIP will operate in compliance with all applicable statutes, regulations, and Commission orders. Further, Ms. Van Burkleo assured the Commission that NetworkIP's service will meet applicable service standards and that NetworkIP will support universally available telephone service at affordable prices. Further, Ms. Van Burkleo offered that approval of NetworkIP's Application

serves the public interest by increasing telecommunications competition in South Carolina thereby bringing about lower rates, improved quality of service, and enhanced services. Moreover, the presence of NetworkIP in the market will increase incentives for the ILEC's to reduce their prices, offer more innovative services, and improve their quality of service thereby benefiting all consumers in South Carolina. Ms. Van Burkleo also offered that approval of NetworkIP's Application would not adversely impact the availability of affordable local service because approval of the Application should enhance competition in South Carolina which, in turn, should increase downward pressures on rates as well as enhance product and service quality and diversity. She further stated that the Company does not intend to offer prepaid calling cards but is aware of the Commission's bond requirement for companies who do offer them.

Ms. Van Burkleo stated she was familiar with Commission Staff witness Eddie Coates' testimony and confirmed that the Company would be willing to make all of Mr. Coates suggested changes to its final tariff. In addition, Ms. Van Burkleo agreed to file a copy of the Company's bill form with its final tariff.

Finally, Ms. Van Burkleo discussed NetworkIP's requests for certain waivers of Commission regulations and for relaxed regulatory treatment. NetworkIP requests that the Commission regulate its interexchange business services, consumer card, and operator service offerings in accordance with the principles and procedures established by Order Nos. 95-1734 and 96-55 in Docket No. 1995-661-C. In addition, the Company requests that the Commission regulate its local exchange telecommunications services under the flexible regulatory treatment approved by Order No. 1998-165 in Docket No.

1997-467-C. NetworkIP asks that it be exempt from any rules or regulations that would require it to keep its financial records in conformance with the Uniform System of Accounts. NetworkIP seeks to maintain its books of accounts in accordance with the Generally Accepted Accounting Principles (GAAP). Additionally, the Company seeks a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 & Supp. 2000) so that it will not be required to publish local exchange directories. NetworkIP will contract with at least one incumbent local exchange carrier for the inclusion of NetworkIP's CLEC data base into the master customer data base of the local exchange carrier. The Company also seeks waiver of 26 S.C. Code Ann. Regs. 103-610 (1976 & Supp. 2000) so that NetworkIP can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Longview, Texas.

Mr. Gunter testified as to his findings of the Audit Department's review of NetworkIP's financial statements that were submitted as part of the Company's Application. He stated he reviewed audited and unaudited financial statements dated April 30, 2000, and December 31, 1999. He said cash and short term investment made up over 26% of the total assets of the Company at April 30, 2000, and 27% of total assets at December 31, 1999. Mr. Gunter testified that the Company's current ratio was less than 1.0 for both April 30, 2000, and December 31, 1999, indicating that short term borrowings exceeded current assets. The Company had no long-term debt at April 30, 2000. The parent company made a profit for both the April 30, 2000, and December 31, 1999 year end. Mr. Gunter further testified that the Company appeared to be strong enough to being operations in the State of South Carolina.



Mr. Coates presented testimony to the Commission on the findings of the Utilities Department with respect to NetworkIP's Application for a Certificate of Public Convenience and Necessity. According to Mr. Coates, NetworkIP seeks authority to provide facilities-based local and interexchange telecommunications services within South Carolina. Mr. Coates testified that NetworkIP seeks to have its local telecommunications services regulated in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. Also NetworkIP requests that the Commission regulate NetworkIP's long distance business service offerings, including consumer card and operator service offerings in accordance with the principles and procedures established by Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Mr. Coates stated that the Staff did not oppose waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2000) concerning the publication of local directories or waiver of application of 26 S.C. Code Ann. Regs. 103-610 (1976) which requires that all records be kept within the State of South Carolina, or the grant of permission to maintain books and records in conformance with Generally Accepted Accounting Principles (GAAP) rather than the Uniform System of Accounts (USOA). He also stated that the Commission Staff does not object to a waiver of the Company's request concerning the map filing requirement pursuant to Commission Rule 103-612.2.3.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. NetworkIP is a privately held corporation duly organized and existing under the laws of the State of Texas and is authorized to do business in the State of South Carolina by the Secretary of State.

2. NetworkIP is a provider of local exchange and interexchange telecommunications services and wishes to provide its services in South Carolina.

3. NetworkIP has the managerial, technical, and financial resources to provide the services as described in its Application. S.C. Code Ann. Section 58-9-280 (B)(1) (Supp. 2000).

4. The Commission finds that NetworkIP's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280 (B)(3) (Supp. 2000).

5. The Commission finds that NetworkIP will support universally available telephone service at affordable rates. S.C. Code Ann. Section 58-9-280 (B)(4) (Supp. 2000).

6. The Commission finds that NetworkIP will provide services which will meet the service standards of the Commission. S.C. Code Ann. Section 58-9-280 (B)(2) (Supp. 2000).

7. The Commission finds that the provision of local exchange service by NetworkIP “does not otherwise adversely impact the public interest.” S.C. Code Ann. Section 58-9-280 (B)(5) (Supp. 2000).

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to NetworkIP to provide competitive resold and facilities-based intrastate local exchange services only to customers located in the non-rural areas of the state. The terms of the Stipulation between NetworkIP and SCTC are approved, and adopted as a part of this Order. Therefore, any proposal to provide local telecommunications service to rural service areas is subject to the terms of the Stipulation. In addition, NetworkIP is granted authority to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. NetworkIP shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. NetworkIP’s local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C.

Specifically, the Commission adopts for NetworkIP's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, NetworkIP's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. The Commission adopts a rate design for the long distance services of NetworkIP which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of NetworkIP, including consumer card services and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until

further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to NetworkIP also.

4. With regard to the residential interexchange service offerings of NetworkIP, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. With regard to residential interexchange service rates, NetworkIP shall not adjust its residential interexchange service rates below the approved maximum level without notice to the Commission and to the public. NetworkIP shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2000).

6. If it has not already done so by the date of issuance of this Order, NetworkIP shall file its revised long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

7. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs NetworkIP to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, NetworkIP shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

8. NetworkIP is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

9. With regard to the Company's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

10. NetworkIP shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If NetworkIP changes underlying carriers, it shall notify the Commission in writing.

11. With regard to the origination and termination of toll calls within the same LATA, NetworkIP shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

12. NetworkIP shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The annual report and the gross receipt filings will necessitate the filing of intrastate information. Therefore, NetworkIP shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form the Company shall use to file annual financial information with the Commission can be

found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). The two page form the Company shall use to file this information is entitled "Annual Information on South Carolina Operations for Interexchange Companies and AOS". Be advised that the Commission's annual report for telecommunications companies requires the filing of intrastate revenues and intrastate expenses.

13. In addition, NetworkIP is required to file annual report information for competitive local exchange carriers. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm). This form is entitled "Annual Report for Competitive Local Exchange Carriers" and consists of four pages. Additionally, NetworkIP shall file with the Commission a quarterly report entitled "CLEC Service Quality Quarterly Report." The proper form for this report is found on the Commission's website at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm).

14. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

NetworkIP shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to file this authorized utility representative information can



be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). This form is entitled "Authorized Utility Representative Information." Further, the Company shall promptly notify the Commission in writing if the representatives are replaced. NetworkIP shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2000).

15. NetworkIP shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

16. By its Application, NetworkIP requested a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2000). In lieu of publishing local directories, NetworkIP informs the Commission that it will contract with the incumbent LECs to provide NetworkIP's customers with directory listings, as well as to undertake the distribution of directories. The Commission finds NetworkIP's request reasonable and grants the requested waiver of the application of 26 S.C. Code Ann. Regs. 103-631 (1976 and Supp. 2000). Further, NetworkIP is granted a waiver of 26 S.C. Regs. 103-610 (1976 and Supp. 2000) requiring the Company to maintain its financial books and records within the State of South Carolina. NetworkIP is hereby granted permission to maintain its financial books and records at its principal headquarters in Longview, Texas. The Commission also grants NetworkIP's request to waive the map filing requirement pursuant to Commission Rule 103-612.2.3. Further, the Commission acknowledges that NetworkIP will maintain its financial books and records in conformance with GAAP. NetworkIP is

directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

17. NetworkIP will provide prepaid calling cards wholesale only to distributors who are certified to operate within the State of South Carolina. Those distributors are required to comply with all Commission rules, regulations and guidelines regarding the sale of prepaid calling cards.

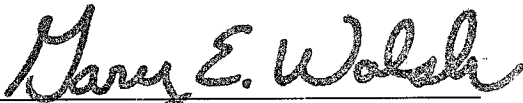
18. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

Docket No. 2001-135-C

Re: Application of NetworkIP, LLC for a )  
Certificate of Public Convenience and )  
Necessity to Provide Resold and Facilities- )  
based Local Exchange and Interexchange )  
Telecommunications Services in the State )  
of South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and NetworkIP, LLC ("NetworkIP") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose NetworkIP's Application. SCTC and NetworkIP stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to NetworkIP, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. NetworkIP stipulates and agrees that any Certificate which may be granted will authorize NetworkIP to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. NetworkIP stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. NetworkIP stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until NetworkIP provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, NetworkIP acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. NetworkIP stipulates and agrees that, if NetworkIP gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then NetworkIP will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. NetworkIP acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and NetworkIP, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. NetworkIP agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. NetworkIP hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 20<sup>th</sup> day of June,  
2001.

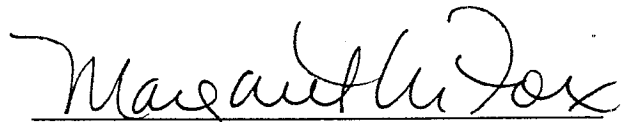
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Regulatory Counsel for  
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South Carolina Telephone Coalition:



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Attorneys for the South Carolina Telephone  
Coalition

## ATTACHMENT A

### South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

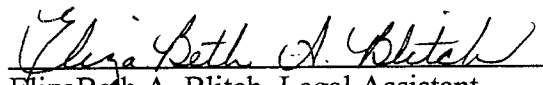
Docket No. 2001-135-C

Re: Application of NetworkIP, LLC for a )  
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Necessity to Provide Resold and Facilities- )  
based Local Exchange and Interexchange )  
Telecommunications Services in the State )  
of South Carolina )  
\_\_\_\_\_ )

**CERTIFICATE OF  
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Scott Elliott, Esquire  
Elliott & Elliott, P.A.  
721 Olive Street  
Columbia, South Carolina 29205

  
ElizaBeth A. Blitch, Legal Assistant  
McNAIR LAW FIRM, P.A.  
Post Office Box 11390  
Columbia, South Carolina 29211  
(803) 799-9800

June 20, 2001

Columbia, South Carolina